

# Making Peace Pay: Post-Conflict Economic and Infrastructure Development in Kosovo and Iraq

A Monograph

by

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## Abstract

Making Peace Pay: Post-Conflict Economic and Infrastructure Development in Kosovo and Iraq, by MAJ Dennis W. Hall, United States Army, 48 pages.

The US military and its unified action partners have determined that rapid execution of economic and infrastructure development tasks reduces the probability that a post-conflict state will return to war. Additionally, consecutive presidential administrations and joint doctrine have declared civilian experts best suited to lead development efforts except when security concerns deny their access to the public. However, history portrays American reconstruction operations as plagued by understaffed aid agencies, disjointed planning, and non-permissive environments conspiring to delay meaningful economic stabilization and infrastructure repair. This monograph poses the question: should the military assume leadership of post-conflict economic and infrastructure development during the critical early weeks following the end of organized resistance? The paper offers Operations Joint Guardian and Iraqi Freedom as historical case studies to demonstrate that the armed forces possess unique advantages, to include physical presence and organizational structure, making them well suited to implement peacebuilding economic policies after war. The study concludes with recommendations for campaign planners generating options and requesting resources for economic and infrastructure development tasks during stability operations.

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## Acronyms

AO	Area of Operations
BSP	Balkan Stability Pact
CENTCOM	United States Central Command
CERP	Commander's Emergency Response Program
COMKFOR	Commander Kosovo Force
CPA	Coalition Provisional Authority
DART	Disaster Assistance Response Team
DoD	Department of Defense
DoDI	Department of Defense Instruction
DoS	Department of State
EU	European Union
FM	Field Manual
FOI	Future of Iraq Project
IGO	Intergovernmental Organization
IMF	International Monetary Fund
JP	Joint Publication
KBR	Kellogg Brown Root
KFOR	North Atlantic Treaty Organization Kosovo Force
KLA	Kosovo Liberation Army
LDK	Democratic League of Kosovo
LoE	Line of Effort
MTA	Military Technical Agreement
NAC	North Atlantic Council
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
NSC	National Security Council

NSPD	National Security Presidential Directive
ORHA	Office of Reconstruction and Humanitarian Affairs
SMSG	Special Representative of the Secretary General
UN	United Nations
UNDP	United Nations Development Program
UNMIK	United Nations Interim Administration Mission in Kosovo
UNSCR	United Nations Security Council Resolution
USACE	United States Army Corps of Engineers
USAID	United States Agency for International Development
USG	United States Government
WB	The World Bank

## Introduction

In their *Guide for Economic Growth in Post-Conflict Countries* the United States Agency for International Development (USAID), citing economist and development expert Paul Collier, argues that early steps to rehabilitate a post-conflict state's economy reduces its probability of returning to conflict more than humanitarian assistance and government reform.<sup>1</sup> Bringing wars to a decisive, durable resolution requires not only hostility cessation, but also the simultaneous rehabilitation of a sustainable economy that “enables people to pursue opportunities for livelihoods within a system of economic governance bound by law.”<sup>2</sup> But what agency is best suited to lead immediate post-conflict economic and infrastructure development? Can civilian actors, hindered by lengthy contracting and procurement processes, provide immediate stability and reconstruction capability, particularly in a potentially non-permissive environment? Conversely, can the military, lacking economic expertise, and access to standing economic development funds, effectively lead what joint doctrine identifies as a stability function best left to civilians?

This monograph offers that in the fleeting months immediately following conflict cessation, what some development experts have labeled the “golden hour”, US military forces will likely be the only agency capable of providing the distributed post-conflict economic and infrastructure development necessary to provide incentives for the populace to resume peaceful production.<sup>3</sup> As

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<sup>1</sup> United States Agency for International Development, *A Guide to Economic Growth in Post-Conflict Countries* (Washington, DC: USAID, 2009) vii; Paul Collier, “Post-Conflict Recovery: How Should Strategies Be Distinctive?” *Journal of African Economies*, 18, no.1 (April 2009): 2, accessed December 16, 2016, <https://dx.doi.org/10.1093/jae/ejp006>.

<sup>2</sup> United States Institute of Peace and Peacekeeping and Stability Operations Institute, eds., *Guiding Principles for Stabilization and Reconstruction* (Washington, DC: United States Institute of Peace, 2009), 9–131, accessed February 2, 2017, [https://www.usip.org/sites/default/files/guiding\\_principles\\_full.pdf](https://www.usip.org/sites/default/files/guiding_principles_full.pdf).

<sup>3</sup> Johanna Mendelson Forman and Merriam Mashatt, *Employment Generation and Economic Development in Stabilization and Reconstruction Operations* (Washington, DC: US Institute of Peace, 2007), 3, accessed September 16, 2016, <https://www.usip.org/publications/2007/03/employment-generation-and-economic-development-stabilization-and>



such, campaign planners should prepare their forces to lead and perform, rather than merely support, critical subtasks associated with the US government's "Economic Stabilization and Infrastructure" activities. The case studies provided, from Operations Joint Guardian in Kosovo and Iraqi Freedom, indicate that the US military possesses the capacity to perform many of these critical tasks such as conducting assessments of the economic environment, stabilizing currency, and promoting agriculture and light industry. Deferring execution of these and other tasks in anticipation of the establishment of civilian authority may risk an increased risk of return to conflict.

This study begins with an explanation of the case study methodology, followed by a review of literature applied by the United States, its allies, and intergovernmental organizations (IGOs) conducting post-conflict economic development. After presentation of the Operations Joint Guardian and Iraqi Freedom case studies, an analysis chapter will examine the consequences of delayed economic and infrastructure activities, and how the military could have filled the gap by performing the three critical tasks listed above. Finally, the paper will conclude with recommendations for campaign planners searching for options to make peace pay in the post-conflict phases of an operation.

## Methodology

Though both Kosovo and Iraq continue to undergo economic and infrastructure development projects today, this paper only concerns itself with those conducted, or not, in the first twelve months after the cessation of organized resistance.<sup>4</sup> Defining the golden hour as the first

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<sup>4</sup> This description of "post-conflict" is admittedly problematic. For instance, the adversary may not ever demonstrate any organization. However, the characterization used here seems more useful to a military commander than alternative applications. For instance, the United Nations Development Program (UNDP) evaluates the extent to which a state remains "post-conflict" by rating it on a scale of seven milestones, many of which would exceed the duration of a commander's leadership of economic and infrastructure development. See Bureau for Crisis Prevention and Recovery, ed., *Post-Conflict Economic Recovery: Enabling Local Ingenuity*, Crisis

year of reconstruction derives from observations of practitioners who argue that moderate stakeholders' tolerance for disruptions associated with political and economic change wanes in relation to the time it takes to experience tangible benefits. Additionally, per then US Director of National Intelligence, Dennis C. Blair, statistical modeling conducted in 2009 convincingly demonstrated that states suffering from persistent economic crises "risk regime threatening instability" after one to two years.<sup>5</sup>

Offering Operations Joint Guardian and Iraqi Freedom as cases of inquiry serves two purposes. First, they represent a type of best case scenario in which the initiation of hostilities came at the time and place of the interveners choosing, preceded by long lead times prior to commencement of deliberate offensive operations. In contrast to a case such as Operation Enduring Freedom in Afghanistan, which offered less than a month of preparation between the decision to pursue regime change and the associated military operations, planners of Joint Guardian and Iraqi Freedom enjoyed the benefit of months' long planning cycles. This additional time could have facilitated the deployment of civilian stability experts, coordination between military and civilian planners, and the deliberate preparation of economic and infrastructure strategy. In other words, available planning time contributed less to post-conflict friction than in other potential cases. Yet, both scenarios exhibited months' long lulls between the end of organized resistance and the commencement of intensive civilian economic and infrastructure operations.

In contrast to Operation Joint Guardian, the narrow coalition, led overwhelmingly by US forces that occupied Iraq, lacked the perception of legitimacy internationally and among a number of Iraqi citizens, a dynamic that may have contributed to the abbreviated golden hour observed in

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Prevention and Recovery Report, 2008 (New York: United Nations, 2008), xviii.

<sup>5</sup> Dennis C. Blair, *Annual Threat Assessment of the Intelligence Community for the Senate Select Committee on Intelligence*, Office of the Director of National Intelligence (February 2009): 2, accessed January 30, 2017, [https://www.intelligence.senate.gov/sites/default/files/hearings/blair%20\(1\).pdf](https://www.intelligence.senate.gov/sites/default/files/hearings/blair%20(1).pdf).

Iraq. On the positive side of the ledger however, Iraq, unlike Kosovo, enjoyed the advantage of statehood, and had known relative prosperity in the recent past. Regime change enthusiasts had pointed out that the massive hydrocarbon reserves that enabled Saddam Hussein's authoritarian rule during the boom times of the 1960s and 1970s could easily finance Iraq's post Saddam reconstruction.

The similarities and distinctions between Kosovo and Iraq noted above illustrate the proposition that under a wide variety of conditions the military, because of its physical presence, organizational structure, and resources, presents the best option to lead economic and infrastructure development during the post-conflict golden hour. This concept contravenes both military and United States Government (USG) stability doctrine, which minimize the potential for military leadership of economic and infrastructure development, in favor of civilian experts.

## Literature and Doctrine Review

In December 2005, President George W. Bush released National Security Presidential Directive (NSPD) 44, assigning the US Secretary of State responsibility for "coordinating and leading US efforts across" each of the stability sectors, incorporating "all relevant or capable... agencies to prepare, plan, and execute US stabilization and reconstruction activities."<sup>6</sup> With this directive Bush sought to clarify the ad hoc war planning process adopted prior to the invasion of Iraq, in which civilian development experts found themselves sidelined during Department of Defense (DoD)-led discussions about post Saddam Iraq.<sup>7</sup> NSPD 44 demonstrated an awareness by

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<sup>6</sup> Jay Liddick and David A. Anderson, "State Department/Coordinator for Reconstruction and Stabilization: Inception, Challenges, and Impact on US Reconstruction and Stabilization Capacity (Interagency Paper, Number 4, April 2011)" (Fort Leavenworth, KS: COL Arthur D. Simons Center for the Study of Interagency Cooperation, 2011), 3.

<sup>7</sup> Frederick M Burkle, Jr., Bradley A. Woodruff, and Eric K. Noji, "Lessons and Controversies: Planning and Executing Immediate Relief in the Aftermath of the War in Iraq," *Third World Quarterly* 26, no. 4–5 (June 2005): 802, accessed March 16, 2017, <http://dx.doi.org/10.1080/01436590500128022>.

the Bush administration that stability and reconstruction operations following conflict affect national security and required close, standardized, and civilian-led interagency coordination.

In compliance with the NSPD, defense officials published Department of Defense Instruction (DoDI) 3000.05, dated September 16, 2009, explaining the role of US military forces relative to other USG agencies under NSPD 44.<sup>8</sup> DoDI 3000.05 directed DoD components to elevate stability operations to a core mission, tantamount to offensive and defensive operations, and explained the role of DoD in the execution of tasks within five stability functions.<sup>9</sup> Significantly, the DoDI directs subordinate entities to prepare to “lead stability operations activities to establish civil security and civil control, restore essential services, repair and protect critical infrastructure, and deliver humanitarian assistance.”<sup>10</sup> On the other hand those components would be prepared to “assist” rather than lead other USG agencies in the “fostering economic stability and development” task.

In short order, joint and service component doctrine absorbed the directives laid out in NSPD 44 and DoDI 3000.05. Joint Publication (JP) 3-07, *Stability*, reinforced to the services that while commanders may play a leading role in security and humanitarian assistance stability functions, direct engagement in economic development should remain a primarily civilian task. However, JP 3-07 makes an important exception to this guidance, stating that military forces may assume a more direct role, “when conditions restrict civilian movement or when civilian agencies have not yet arrived in the area.”<sup>11</sup> The manual goes on to remind readers in the subsection titled

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<sup>8</sup> United States Department of Defense Instruction 3000.05, September 16, 2009, 3, accessed February 17, 2017, <http://www.dtic.mil/whs/directives/corres/pdf/300005p.pdf>.

<sup>9</sup> Colonel Bill Benson, “Unified Land Operations,” *Military Review*, 2012, 6, [http://usacac.army.mil/CAC2/MilitaryReview/Archives/English/MilitaryReview\\_20120430\\_art004.pdf](http://usacac.army.mil/CAC2/MilitaryReview/Archives/English/MilitaryReview_20120430_art004.pdf).

<sup>10</sup> DoDI 3000.05, 2.

<sup>11</sup> Joint Publication (JP) 3-07, *Stability* (Washington, DC: Government Printing Office, 2016), III-30.

“Military Contribution” that “[c]ivilian agencies have the lead responsibility for this mission sector, but the joint force may render support....”<sup>12</sup> Doctrine’s persistent reminder that civilians take charge of economic development *unless* conditions prevent access underestimates the importance of decisiveness during the golden hour, the likelihood that post-conflict areas will be non-permissive in the short-run, and the capacity of civilian development agencies.

Several recent development studies, though far from a majority, have proposed the existence of a post conflict golden hour, or short-term window of opportunity to lay the foundation for long-term development, but not all agree on what developers and soldiers should try to accomplish within it. Should developers pursue quick-win projects to win support and deter spoilers, or identify sustainable objectives that “meet the needs and aspirations of the present without compromising the ability to meet those of the future?”<sup>13</sup> Literature produced for military audiences tends to compile lessons learned from previous US interventions and focus on those things that armed forces prefer: providing security, law enforcement, humanitarian assistance, and support to governance.<sup>14</sup> Alternatively, researchers at the United States Institute for Peace, an independent civilian development agency funded by the US Congress, studied stability activities in Iraq and determined that future operations should see that short-term private and public employment generation receives top billing for both civilian and military resource allocations.<sup>15</sup> Meanwhile, though USAID’s aforementioned *Guide to Economic Growth in Post-Conflict*

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<sup>12</sup> JP 3-07, III-34.

<sup>13</sup> Clark C. Gibson, et al. ed., *The Samaritan’s Dilemma: The Political Economy of Development Aid* (New York: Oxford University Press, 2005), 10.

<sup>14</sup> James Dobbins, ed., *The Beginner’s Guide to Nation-Building* (Santa Monica, CA: RAND National Security Research Division, 2007), xxiv; Robert C. Orr, "Governing When Chaos Rules: Enhancing Governance and Participation," in *Winning the Peace: An American Strategy for Post-Conflict Reconstruction*, eds., Robert Orr and Center for Strategic and International Studies, Significant Issues Series, v. 26, no. 7 (Washington, DC: CSIS Press, 2004), 70.

<sup>15</sup> Forman and Mashatt, *Employment Generation and Economic Development in Stabilization and Reconstruction Operations*, 2.

*Countries* proposes a comprehensive treatment for a wide variety of conflict-driving economic fundamentals, it specifically addresses agriculture and manufacturing as sustainable job-producing sectors worthy of immediate assistance.<sup>16</sup>

Regardless of the development tasks conducted during the golden hour, the studies cited above paint somewhat optimistic pictures of how post-conflict stability operations may unfold, assuming that personnel and resources will arrive in a timely fashion and enjoy the benefit of locally available labor and a relatively permissive environment. This idealistic portrayal of interagency synchronization satisfies the aid and development community's traditional reluctance to sanction direct military distribution of economic aid, as well the soldier's general lack of enthusiasm to take on economic and infrastructure development responsibilities.<sup>17</sup> Actual experience in operations from Bosnia to Iraq however, indicate that there will exist "recurring delays until the civilian agencies can properly organize, deploy, and operate in postconflict [sic] reconstruction."<sup>18</sup> This monograph's case studies offer two empirical scenarios in which unanticipated contingencies delayed the establishment of civilian development agencies, leaving a development vacuum that military leadership eagerly avoided.

One school of thought has vociferously challenged the convention that the military ought only to support civilians conducting post-conflict development activities. Emerging out of the Kauffmann Institute, a foundation that promotes the benefits of entrepreneurship in post-conflict recovery, self-styled proponents of "expeditionary economics" recognize that the US military, despite its reluctance, is well positioned to assume leadership of post-conflict economic

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<sup>16</sup> USAID, *A Guide to Economic Growth in Post-Conflict Countries*, 65.

<sup>17</sup> Joseph R Cerami et al., *The Interagency and Counterinsurgency Warfare: Stability, Security, Transition, and Reconstruction Roles* (Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, 2007), 61.

<sup>18</sup> Garland H. Williams, *Engineering Peace: The Military Role in Postconflict Reconstruction* (Washington, DC: United States Institute of Peace Press, 2005), 16.

development from the civilian agencies. Economist Carl Schramm, who introduced the concept of expeditionary economics while a researcher at the Kaufmann Institute, argues that despite the military's lack of economic expertise "it has both an active presence and an active interest in places where economic growth is sorely needed. The US armed forces usually are the most formidable and best-resourced entity in the troubled countries in which they operate."<sup>19</sup> By acknowledging that "the military has already been engaging in economic development in post-conflict situations, just in the absence of any coherent guiding doctrine...", expeditionary economics calls into question the interagency cooperation depicted in current stability doctrine, and places responsibility for economic development at the feet of military leadership.<sup>20</sup>

While expeditionary economics holds great appeal for those striving to simplify chains of command, areas of responsibility, and resource allocation in the conduct of stability operations, implementation of its actual economic precepts poses problems in economies riven by conflict. Schramm declares that civilian agencies approach postwar development with overly rigid, "top down" strategies that prioritize infrastructure repair at the expense of private business expansion. In turn, he argues, the economy at large sputters in the face of weak employment generation and wealth creation.<sup>21</sup> Instead, the USG and the armed forces require a new development doctrine that would "elevate firm formation to the central focus of the military's efforts in promoting economic development."<sup>22</sup> Yet, this approach, what Schramm calls "messy capitalism" overly simplifies the

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<sup>19</sup> Carl J. Schramm, "Expeditionary Economics: Spurring Growth after Conflicts and Disasters," *Foreign Affairs* 89 no. 3 (April/May 2010): 90.

<sup>20</sup> Carl J. Schramm and Robert Ulin, "Expeditionary Economics: Charting a Course for Economic Recovery and Development in Post-Conflict Countries," *Proceedings from the Summit on Entrepreneurship and Expeditionary Economics: Toward a New Approach to Economic Growth Following Conflict or Disaster* (Kansas City, MO: The Kauffman Foundation of Entrepreneurship), 5-7.

<sup>21</sup> *Ibid.*, 5.

<sup>22</sup> Jeffrey D. Peterson, "Towards a Post-Conflict Economic Development Doctrine," in *Proceedings from the Summit on Entrepreneurship*, 229.

post-conflict economic environment. As the Iraq and Kosovo studies show, there may exist little entrepreneurial spirit in formerly socialist or totalitarian states, and the emergence of private industry may become crippled by divisive issues such as determining property ownership. Former Deputy Director of the State Department's Policy Planning Staff, Kori Schake, raises a related concern, questioning the legitimacy of a development strategy that soldiers, in the position of choosing winners and losers when it comes to property disputes and investment proposals.<sup>23</sup>

This monograph attempts to fill a narrow gap in the post-conflict development literature between those works that either ignore the role of security forces or relegate them to purely support and security operations, and those such as expeditionary economics that propose the military absorb the task in its entirety. Instead, the argument below, made through the lens of Operations Joint Guardian and Iraqi Freedom suggests that war planners should prepare intervening forces to lead economic and infrastructure development, specifically in the golden hour. Furthermore, it intends to demonstrate that the military possesses the capability to conduct critical early development tasks, to include stabilizing the currency, conducting economic assessments, and supporting labor generating light industry and agriculture.

### Case Study: Kosovo

Riding a tide of Serbian animosity across Yugoslavia, fed by generations of ethnic discord and a more recent economic recession, Slobodan Milosevic, a devout socialist and late convert of Serb nationalism, muscled his way into the presidency of the Republic of Serbia in 1988. In 1989, appealing to his ethnic Serbian followers, Milosevic returned the previously autonomous region of Kosovo to the rule of the Serbian state. In doing so, Milosevic summarily dismissed 100,000 ethnic Albanian government and media employees from their publicly funded positions. In response,

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<sup>23</sup> Kori Schake, "Operationalizing Expeditionary Economics," in *Proceedings from the Summit on Entrepreneurship*, 205.



Albanian Kosovars initiated a general strike in 1990, and followed up with a 1991 proclamation of independence from Serbia. Though deemed illegal by the Serbian parliament, the 1991 declaration of Kosovo's independence nonetheless fostered the emergence of a parallel Albanian shadow government, led by the newly established Democratic League of Kosovo (LDK), alongside the official Serb dominated state apparatus administered from Belgrade.<sup>24</sup>

Along with semi-official independence came the responsibility for the LDK to establish the political and economic institutions necessary to govern a "state" that enjoyed none of the benefits of international recognition. A large Albanian exile population, established predominantly in Germany and Switzerland, "contributed to the maintenance of [the] 'parallel government' through an informal tax of 3 percent collected both inside Kosovo and from the diaspora,"<sup>25</sup> while business owners contributed an additional 10 percent tax on profits.<sup>26</sup> Ironically, the Milosevic regime may have tacitly allowed these transactions because remittances infused currency into Serbia's cash starved economy and encouraged Albanian flight, as workers determined they could contribute more by earning greater income elsewhere in Europe.<sup>27</sup>

Kosovo's remittance system allowed the LDK shadow government to provide critical public goods such as education and medical care and certainly alleviated some of the hardship imposed by Belgrade. That said, the nature of Albanian remittances, a largely cash-based enterprise, worsened Kosovo's burgeoning conflict economy. The LDK's inability to regulate and rigorously monitor the informal economy coupled with the desperately poor Albanians' indifference to sources

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<sup>24</sup> Tim Judah, *Kosovo: What Everyone Needs to Know* (New York: Oxford University Press, 2008), 69.

<sup>25</sup> Stephanie A. Blair, et al. "Forging a Viable Peace," in Jock Covey, Michael J. Dziedzic, and Leonard R. Hawley, eds., *The Quest for Viable Peace: International Intervention and Strategies for Conflict Transformation* (Washington, DC: United States Institute of Peace Press, 2005), 212.

<sup>26</sup> Judah, 73.

<sup>27</sup> Blair et al., 212.

of revenue spawned “linkages to organized crime across Europe, particularly the drug trade and prostitution.”<sup>28</sup> These associations further served as transnational avenues for the funding and equipping of the emergent Kosovo Liberation Army, which from its inception in 1993, opposed LDK president Ibrahim Rugova’s policy of passive resistance to Serbian rule.<sup>29</sup>

Meanwhile, Kosovo’s Serbs bristled that the parallel economy exclusive to their Albanian neighbors appeared to fare better than the official state system, spiraling into recession during the 1990s. Milosevich, having risen to President of Yugoslavia in 1992, reinforced the perception among Serbs that the Albanian majority deserved the blame for eroding economic conditions, when in fact his own hand-selected network of corrupt officials bore much of the responsibility.

Upon his ascension to president, Milosevic placed his Serb cronies “into key business positions and systematically turned public or organizational capital into personal wealth....”<sup>30</sup> The stripping of previously public capital to fill the pockets of Milosevic’s inner circle, compounded the strain on Kosovo’s economy that had begun during Tito’s reforms two decades earlier. Finally, UN sanctions imposed in 1992 to deter Belgrade’s escalating violence against Muslims in Croatia and Bosnia-Herzegovina triggered hyperinflation that had a disproportionately calamitous impact on Kosovo’s cash economy. Thus, by the time NATO began planning military operations in Kosovo its occupants had already physically and fiscally segregated themselves along ethnic lines. To isolate Kosovo’s political economy as the underlying cause of the conflict that would eventually motivate NATO’s intervention would venture into the realm of hyperbole; however, the systematic exploitation of wealth, capital, and economic opportunity to manipulate the Serb-Albanian contributed to grievances that would pose intractable obstacles for the peacekeeping mission.

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<sup>28</sup> Ibid.

<sup>29</sup> Florian Bieber and Židas Daskalovski, eds., *Understanding the War in Kosovo* (Portland, OR: Frank Cass, 2003), 264.

<sup>30</sup> Blair et al., 211.

## War

Open conflict between Albanian separatists and Serb-dominated Yugoslavian security forces began in 1996 when the KLA initiated an assassination campaign targeting several public officials in Pristina.<sup>31</sup> Over the next two years, fighting intensified as Milosevic pursued a deliberate campaign of ethnic cleansing, eventually driving upwards of eight hundred thousand Albanians from Serbia, while the KLA antagonized the military hoping to instigate retaliation sufficiently egregious to encourage foreign intervention.<sup>32</sup> In 1998 the West diverted its attention from ongoing operations in Bosnia-Herzegovina to address the impending crisis in Kosovo. When efforts to broker a peace between representatives of the government and the LDK failed, Milosevic's forces stepped up the ferocity of their operations. The Yugoslav army's highly publicized January 1999 attack on the village of Racak, which left forty-five Albanian civilians dead beside a ditch, triggered international fears of another Srebrenica massacre.<sup>33</sup> Finally, Belgrade's final withdrawal from negotiations, and its March 1999 reinforcement of 25,000 soldiers in Kosovo, offered US President Bill Clinton the *causus belli* needed to launch a US led NATO humanitarian intervention.

On March 24, 1999 NATO warplanes conducted the first sorties of Operation Allied Force, which would become a 78 day bombardment of Serbia and Serb forces in Kosovo. During the air campaign, members of the North Atlantic Council (NAC) disagreed on the extent to which bombers should target critical infrastructure. While US planners sought the destruction of factories and warehouses sheltering Yugoslav soldiers as well as Kosovo's two electric power plants, the French contingent argued for their preservation, likely in anticipation of the already daunting reconstruction effort to come. Ultimately the resilience of enemy resistance and the desire to avoid

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<sup>31</sup> Stefan Troebst, "Foreword," in Bieber and Daskalovski, xv.

<sup>32</sup> Judah, 88.

<sup>33</sup> Ibid., 84.

at nearly all costs the employment of NATO ground forces, led to a compromise within the coalition that would allow interdiction of capital infrastructure and the secondary power grid, rather than the power plants themselves. This decision may have reaped the worst consequences of both the French and US targeting options as later analysis will reveal.

On June 10, 1999, Slobodan Milosevic, convinced that his appeals to Russia for support in the name of Slavic solidarity had fallen on deaf ears, capitulated to NATO and Russian demands to remove his army from Kosovo, spelled out in a non-negotiable Military Technical Agreement (MTA). That very day, the United Nations passed UN Security Council Resolution (UNSCR) 1244, which authorized the creation of the United Nations Mission in Kosovo (UNMIK), established the UN's command relationship with NATO's newly monikered Kosovo Forces (KFOR), and laid the foundation for Kosovo's stabilization and reconstruction. As the dust settled, the enormity of this task became clear: During the entirety of the war between 1.3 and 1.5 million Kosovars, both Albanian and Serb had become refugees in neighboring states, or had fled to safer areas within Kosovo. In the first month after implementation of the MTA, 1.1 million members of the displaced citizenry rushed back to their native villages.<sup>34</sup> The later, most violent stages of the war brought business and industry to a virtual standstill, decimated livestock populations, and severely curtailed agriculture.

## Planning for Post-Conflict Reconstruction

The planning process conducted for the post-conflict stabilization of Kosovo, which would become Operation Joint Guardian, perfectly demonstrates the difficulties associated with developing and implementing a coherent reconstruction strategy. In turn, the absence of clear strategic goals and inchoate organizational structures hindered the creation of a logical operational

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<sup>34</sup> George F. Oliver III, "Breeding the Phoenix: An Analysis of the Military's Role in Peacebuilding" (PhD diss., George Mason University, 2012), 324.

approach for both military and civilian agencies. These complications caused costly delays and generated a political and economic vacuum that threatened the gains of Operation Allied Force.

As the bombing campaign ebbed, questions about who exactly would lead the reconstruction effort in Kosovo created the greatest consternation for NAC governments. Anxious to avoid assuming burdensome long-term economic and military obligations in a remote and, at best, peripheral conflict, the United States and KFOR turned to the UN as the best option for coordinating Kosovo's recovery. For several reasons the UN seemed the rational choice to assume peacekeeping and governance functions in the newly liberated region. First, Article 48 of the UN Charter declares that "[t]he action required to carry out the decisions of the Security Council for the maintenance of international peace and security shall be taken by all the Members of the United Nations or by some of them, as the Security Council may determine," and that "[s]uch decisions shall be carried out by the Members of the United Nations directly and through their action in the appropriate international agencies of which they are members."<sup>35</sup> Thus, the effort and expense of nation-building in Kosovo could and should be distributed across the UN's membership. Meanwhile, NATO and other international organizations that had a stake in Kosovo's enduring stability, such as the European Union, would retain the right to influence its development. Second, UN leadership proffered a sense of legitimacy to Kosovars and the international community, preemptively undercutting charges of discrimination against any ethnic faction.

Unfortunately, for all the advantages offered by UN leadership, there existed a concomitant set of political handicaps inherent in the application of UN resources that hampered planning and execution of recovery. Because two UN Security Council members, Russia and China, opposed the use of force in Kosovo, NATO did not pursue a resolution sanctioning the military operations against Milosevic's forces. Consequently, the UN, uncertain of the role it would play, if any, at the

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<sup>35</sup> United Nations, *Charter of the United Nations*, 24 October, 1945, 1 UNTS XVI, accessed October 4, 2016, <http://www.un.org/en/sections/un-charter/chapter-vii/index.html>.

cessation of hostilities did not begin coordinating with NATO and organizing for the administration of post-conflict Kosovo until a week before it assumed responsibility as the region's governing protectorate.<sup>36</sup> UNMIK's delayed start and the unexpected departure of Kosovo's predominantly Serbian political leadership left a political, economic, and security vacuum that overwhelmed peacekeepers for the first post-conflict year.<sup>37</sup> Additionally, in 1999 the UN's Department of Peacekeeping Operations had only existed for seven years and had not yet faced a crisis the size and scope of that presented by Kosovo.<sup>38</sup> As such, UN planners and operators entered reconstruction with minimal institutional experience, underdeveloped doctrine, and few practical standard operating procedures.

Organizational and institutional uncertainty did not afflict the UN alone. KFOR's murky command and control apparatus severely complicated planning and hindered execution in the early stages of Joint Guardian. As a peacekeeping, rather than warfighting, force, KFOR did not fit neatly under preconceived NATO command arrangements, which anticipated deployment of armed forces under the NATO commander in accordance with Article V of the North Atlantic Treaty. In Kosovo, national caveats dictated by member states denied the KFOR commander (COMKFOR) unity of command and prevented the issuance of strategic guidance until six weeks *after* occupation (some observers contend that UNMIK never published strategic guidance to coordinate KFOR's operations).<sup>39</sup> Lacking unity of command, COMKFOR, LTG Sir Michael Jackson (UK), attempted to preserve unity of effort by assigning each participating state its own area of operations (AO) within Kosovo, in which the respective services could operate in accordance with national political

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<sup>36</sup> Iain King and Whit Mason, *Peace at Any Price: How the World Failed Kosovo*, Crises in World Politics (Ithaca, N.Y: Cornell University Press, 2006), 46.

<sup>37</sup> Bathsheba N. Crocker, "Kosovo: Learning to Leverage 'Liberator' Status," in Orr and Center for Strategic and International Studies (Washington, DC), *Winning the Peace*, 195–96.

<sup>38</sup> *Ibid.*, 48.

<sup>39</sup> Larry K. Wentz, ed., *Lessons from Kosovo: KFOR Experience*, CCRP Publication Series (Washington, DC: DOD, 2002), 401.

guidance. Ultimately, this arrangement, which created six separate AOs occupied by five multinational brigades (United States, France, Germany, Italy, and the United Kingdom), led to varying levels of commitment to economic and infrastructure development around Kosovo, which in some cases reinforced both Albanian and Serbian suspicions regarding the motives of KFOR and the UN.<sup>40</sup>

Despite its inauspicious start, with UNSCR 1244 the UNMIK and KFOR stepped headlong into the business of governing and rebuilding Kosovo, to include resuscitating an economy suffering from decades of neglect and abuse. Under the auspices of the resolution, UNMIK's Special Representative of the Secretary General (SRSG) Bernard Kouchner established a "four pillar" approach to execute its mandate. Of import to this study, responsibility for leading fourth pillar efforts, "Reconstruction and Humanitarian Development," fell to the EU, under the supervision of UNMIK's Head of Economic Reconstruction, Joly Dixon.<sup>41</sup> Donors from the Group of 8 (G8) and International Monetary Fund (IMF) formed the Balkan Stability Pact (BSP) in July 1999 to raise and distribute \$2.3 billion in funding for Kosovo humanitarian assistance and initial infrastructure repair.<sup>42</sup> Importantly, the BSP insisted on fiscal caveats that would limit expenditures in critical ways. For instance, donor funds would not contribute to the salaries of Kosovo's public officials or employees, and would not cover the provinces operating costs after March 2000.

KFOR, meanwhile, had drawn a number of tasks to include providing a secure environment to which displaced persons could return, supervising demining efforts, and, most ambiguously, "supporting, as appropriate, and coordinating closely with the work of the international civil

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<sup>40</sup> Garland H. Williams, *Engineering Peace: The Military Role in Postconflict Reconstruction* (Washington, DC: United States Institute of Peace Press, 2005), 126; Dominik Zaum, and Verena Knaus, "The Political Economy of Statebuilding in Kosovo," in *Political Economy of Statebuilding: Power after Peace*, eds., Mats R. Berdal and Dominik Zaum, Routledge Studies in Intervention and Statebuilding (London: Routledge, 2013), 235.

<sup>41</sup> Blair et al., 211.

<sup>42</sup> Williams, 164.

presence.”<sup>43</sup> Unsurprisingly, however, the ad hoc nature of planning prior to Operation Joint Guardian prevented KFOR from synchronizing its planning with the entities responsible for each of the four pillars. As the French, German, US, and UK brigades entered Kosovo on 10 June, well ahead of their civilian partners, they would by necessity become *de facto* nation builders in addition to their primary role of peacekeeper.

## Reconstruction

Dixon and his skeleton staff of less than a dozen civilians walked into an economic calamity that June in which years of conflict and weeks of intensive bombing had destroyed the already derelict economy previously described. To make matters worse, the EU’s administrative arm for fourth pillar tasks, the European Agency for Reconstruction of Kosovo, would not become operable until December. Nevertheless, with considerable optimism, Dixon’s initial report to the UN in July 1999 promised a bold economic strategy that would emphasize construction, rather than reconstruction of the Kosovar economy. This operational approach made explicit the EU’s assessment that Kosovo’s infrastructure and institutions *ante bellum* “[were] incompatible with the goal of creating a sound economy.”<sup>44</sup> Dixon considered mere reconstruction a “static and backward looking concept” that did not account for radical changes such as globalization that had occurred in the global economy during the decades of Kosovo’s fiscal neglect. In short, Dixon’s team eschewed stabilization in favor of a fundamental overhaul that would, for the first time in Kosovo’s history, institutionalize “market principles and the rule of law.”<sup>45</sup> Thus, the EU and UNMIK would

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<sup>43</sup> United Nations Security Council, Resolution 1244, June 10, 1999 in Wentz, *Lessons from Kosovo*, B-7.

<sup>44</sup> Joly Dixon, “Kosovo: Economic Reconstruction and Development,” Brussels, July 12, 1999, quoted in Blair, “Forging a Viable Peace,” 218.

<sup>45</sup> *Ibid.*



undercut Kosovo's conflict economy, replacing it with economic policies intended to convince belligerents that peace could and would pay.

Yet, despite Dixon and company's best laid plans, delays, political maneuvering and actions on the ground would resist the logic of their solution. Not until September, two months after occupation, did the EU pillar complete a detailed course of action, made possible by KFOR infrastructure reconnaissance, to execute Dixon's operational approach. In an update to his initial report, Dixon presented to the UN a two-pronged development plan. First, the reconstruction agency would tackle the short-term problems of power generation and distribution, severe currency irregularities, and incorporating host nationals into economic policy, which would enable Kosovo to achieve fiscal self-sufficiency in accordance with lender timetables. Next the group would address more enduring economic stressors related to housing, employment, and agriculture.<sup>46</sup> While Dixon's scheme seemed to check all standard blocks of post-conflict economic development activities, in practice it would soon come into sharp conflict with organizational, political, and fiscal realities.

Given the delays associated with building and deploying the European Agency for Reconstruction of Kosovo, so few civilian experts reached Kosovo in 1999 and into 2000 that Dixon's short-term goals could not achieve the self-sufficiency deadline imposed by the BSP, severely testing donor state patience. As detailed above, international lenders expected the newly liberated Kosovo to begin funding its own reconstruction by mid-2000, less than a year after hostilities ended. To meet that condition within a rapidly expiring timeline would require peacekeepers to divert their focus from Dixon's approach to quick fixes that would rapidly generate employment, and produce tax revenue.<sup>47</sup> Fourth pillar planners, pleaded for donors to raise and

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<sup>46</sup> Joly Dixon, *Kosovo Report on Pillar IV's Activities* (Washington: United Nations Interim Administration Mission in Kosovo, 1999), 1-9.

<sup>47</sup> Blair et al., 218.

extend expenditures over a longer period than previously estimated, driving Kosovo's operating deficit beyond limits agreed upon during planning. To resolve this tension, donors and planners compromised, raising Kosovo's debt ceiling in exchange for immediate implementation of tax schemes centered on border tariffs.

A second defect in Dixon's and the EU's operational approach resulted from plain lack of capacity within the European Agency for Reconstruction of Kosovo and a concomitant failure to leverage the manpower available within KFOR to mitigate resource shortages. With only thirteen full time staff members committed to fourth pillar activities well into 2000, the EU agency possessed far too few experts to manage the implementation and oversight of anticipated projects.<sup>48</sup> Presented with this handicap it would have made good sense for UNMIK and KFOR to develop a relationship between the military and the civilian agency that would pair the manpower and resources of the former, with the economic expertise of the latter. Indeed, KFOR's foundational document, NATO OPLAN 31402, "made it clear that KFORs mission was to coordinate with and support UNMIK..." and to "provide within means and capabilities support to the U.N. by facilitating the execution of the UNMIK four pillars."<sup>49</sup> But KFOR lacked direction from the overwhelmed EU and UNMIK staffs, and operated without a comprehensive understanding of Kosovo's conflict economy. In fact, KFOR activity during the early phases of Joint Guardian often worked at cross purposes with the EU's development plan. For example, KFOR, and particularly American, soldiers often took it upon themselves to "restore rights to the remaining Serb minority," determining unilaterally to shut down Albanian businesses on the mere suspicion that they discriminated against, or wrongfully appropriated their establishment from Serb families.<sup>50</sup>

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<sup>48</sup> King and Mason, 89.

<sup>49</sup> Wentz, 483.

<sup>50</sup> Dana Priest, *The Mission: Waging War and Keeping Peace with America's Military* (New York: W.W. Norton, 2004), 324.

Failure to coordinate KFOR and EU efforts only partially accounts for the military's relative inability to influence economic and infrastructure development. Many KFOR leaders did not see business as the business of soldiers. Washington Post Reporter and author Dana Priest, embedded with a US infantry battalion as late as November 2001, relates a pointed example of this attitude. According to Priest's account, while accompanying a routine patrol in Vitina, she happened upon two dozen Serb women who had trekked to the city from outlying villages, a risky proposition considering the majority Albanian city still resonated with ethnic violence, to confront the US battalion commander tasked to maintain security in the area. The women asked the Lieutenant Colonel to provide them sewing machines "with which they would set up a sewing cooperative." Rather than jumping at this opportunity to foster native entrepreneurship, the commander exclaimed, "[s]ewing machines! We don't do sewing machines!"<sup>51</sup>

Attitudes aside, KFOR simply had other work to tend to, and herein lies a fundamental tension between the imperative of security and the seemingly less pressing issue of economics. The preponderance of tasks performed by KFOR constituted the imposition of security or preserving freedom of movement for military traffic, leaving only a small contingent of Civil Affairs soldiers to assist Dixon's fourth pillar. Additionally, once it became clear that UNMIK and the Joint Guardian coalition had averted an humanitarian crisis, international supporters, to include the EU, became increasingly concerned that lingering ethnic violence threatened the legitimacy of the peacekeeping mission. Concern turned to full-fledged dread when widespread violent protests opposing UNMIK and KFOR policies erupted in March of 2004. As such, contributing states began shifting what political and financial focus they had offered Dixon's forward-looking economic "construction" approach, to more direct, but "static", peace stabilization efforts. This unanticipated

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<sup>51</sup> Ibid., 14–16.

transition from development to maintaining a peaceful status quo encouraged UNMIK to co-opt rather than dismantle the most entrenched sources of Kosovo's conflict economy.<sup>52</sup>

One can trace UNMIK's philosophical evolution toward a significantly more conservative strategy of simply keeping the peace, and the violence that triggered it, to the final flaw in Dixon's operational approach. Prior to occupying the province the European Agency for Reconstruction of Kosovo performed a textbook diagnosis of the maladies of Kosovo's formal economy under Yugoslavian administration. However, planners, wanting up-to-date intelligence, did not grasp the extent to which Serb and Albanian parallel economies, organized crime, smuggling, and remittance networks coalesced to shape an even more robust economic reality in Kosovo than offered by its sickly formal counterpart. This veiled, but well organized system challenged the EU's plans to liberalize and formalize Kosovo's economy far more than the generic post-conflict conditions the reconstruction agency had prepared to address.

Thus, as UNMIK and the EU toiled in the first year of their administration to restore power, establish and enforce trade tariffs, and stabilize the cash economy, the KLA and Serbian extremists backed by Milosevic maintained their traditional financial organs via remittances and laundered foreign currencies. Parallel economic institutions paid for separate Serb and Albanian courts, schools, health care, and other public services that would have otherwise fallen under UNMIK's purview.<sup>53</sup> As the UN and EU became more cognizant of threat parallel institutions posed to the peace process, and southern Europe at large, the attention and resources of donors began to shift their priorities from long-term economic development toward improving law and order. But, UNMIK's awakening to the existence of Kosovo's deep-rooted conflict economy came several years into the interim regime, by which time their influence had waned relative to the ethnic factions and their criminal allies. Therefore, preserving the peace meant working with and

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<sup>52</sup> Zaum and Knaus, 235.

<sup>53</sup> Ibid., 240.

preserving parallel organizations, leaving the economic development crowd financially and politically hamstrung.<sup>54</sup>

## Conclusion

Like seemingly all studies attempting to make sense of war and its aftermath in the former Yugoslavia, assessments related to the efficacy of the international community's attempt to develop Kosovo's economy vary from generous to condemnatory. From the perspective of the policymakers, UNMIK and fourth pillar administrators succeeded in the short-run by preventing a humanitarian catastrophe in 1999 and 2000 as tens of thousands of Albanian refugees returned to their villages, passing a smaller, but not insignificant number of Serbs fleeing anticipated retribution. Perhaps of equal import, post-conflict development decisively eliminated Kosovo's decrepit socialist economy, paving the way for a more liberal market that survives today. However, in the long-term, development organizations working under the authority of the European Agency for Reconstruction of Kosovo failed to eliminate, or even seriously threaten, the underlying politico-economic institutions, such as parallel ethnic economies and organized crime that continued to obstruct UN administration until independence in 2008.<sup>55</sup>

KFOR attitudes toward economic and infrastructure development present a slightly more rosy picture, perhaps in part due to a desire to accentuate victories and diminish defeats, but also as a result of its mainly tangential participation in economic development. COL Garland Williams, who served as military assistant to the assistant secretary of the Army for civil works from 1999-2001, asserts that "...Kosovo is a qualified successful case study in economic institution building..." that possesses the "basic building blocks... for a solid foundation."<sup>56</sup> General Michael

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<sup>54</sup> Blair et al., 224.

<sup>55</sup> Ibid., 237-239.

<sup>56</sup> Williams, 168.

Jackson, on the other hand, did not list economic or infrastructure development among the many accomplishments of KFOR during his 1999 transfer of authority speech.<sup>57</sup> In fact, KFOR's lack of participation in early economic stability operations in Kosovo became a source of criticism, at least in the United States. John R. Bolton, former US Assistant Secretary of State for International Organization Affairs, and outspoken UN disparager, claimed in testimony to Congress that empowering the UN to assume leadership of post-conflict reconstruction in Kosovo rather than NATO, constituted a failure of US policy.<sup>58</sup>

Cumulatively, the evidence paints the collective UN, NATO, and EU economic and infrastructure development mission in Kosovo as a moderately successful but imperfect operation that forestalled a return of large-scale ethnic violence but failed to achieve the optimistic objectives set by UNMIK in 1999. For the operational planner, several lessons emerge from the struggles of fourth pillar administrators to align those things that needed doing (tactical actions) with the political will to get them done (strategic objectives). First, economic stabilization and development planning must, during planning and at the outset of intervention, account for institutions that perpetuate the conflict economy. Second, even when civilian institutions have well-defined authority to lead the economic and infrastructure development stability task, the military will likely arrive well before the civilians. Therefore, plans and mechanisms must be in place for military commanders to initiate economic stability and critical infrastructure repair at a minimum. Finally, units must remember that all operations should continuously support economic and infrastructure development, even when not stated as one of the organization's essential tasks.

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<sup>57</sup> North Atlantic Treaty Organization, "Speech by General Michael Jackson During the Transfer of Authority Ceremony" (speech presented at Pristina, Kosovo, 1999), accessed November 13, 2016, <http://www.nato.int/kosovo/press/1999/k991008b.htm>.

<sup>58</sup> John R. Bolton, "United States Policy on United Nations Peacekeeping," *World Affairs* 163, no. 3 (2001): 140, accessed November 13, 2016, <http://go.galegroup.com/ps/i.do?id=GALE%7CA69752065&sid=googleScholar&v=2.1&it=r&linkaccess=fulltext&iissn=00438200&p=AONE&sw=w>.

## Case Study: Iraq

Iraq's political economy prior to and just after the virtually unilateral 2003 US invasion offered several advantages that civilian and military stability planners in Kosovo did not enjoy. First, Iraq benefitted from its status as an internationally recognized state, which would free funding sources not available to Kosovo's provisional UN administrators. Second, though Iraq suffered badly as it struggled through two interstate wars in the 1980s and '90s, it did not share the Balkan's history of extensive, identity-fueled *civil* conflict. Though Saddam Hussein did regularly commit atrocities against Kurds in the north and Marsh Arabs in the south, the Baath party's nationalist agenda largely diffused ethnic and religious tensions. Finally, the Iraqi state happened to sit atop vast reserves of the single commodity coveted by the rest of the world. Oil provided the tantalizing prospect that a new Iraqi regime could quickly return to solvency and cover the costs of its own reconstruction. Each of these factors hinted to war planners that the US could avoid in Iraq the lengthy economic and infrastructure development effort required to sustain a liberated Kosovo.<sup>59</sup> However, the invasion and occupation of Iraq unwittingly unleashed pent-up economic forces, while simultaneously fostering an emerging conflict economy that fueled an eventual civil war.

While various violations of UN Security Council Resolutions earned Iraq intermittent punitive military strikes in the decade following the Gulf War, the September 11, 2001 World Trade Center and Pentagon attacks inspired more rigorous scrutiny of Saddam Hussein's regime by the US. By the end of September 2001, Secretary of Defense Donald Rumsfeld had US Central Command (CENTCOM) officers reviewing and refining standing plans to attack Iraq.<sup>60</sup> On December 28, 2001, Secretary Rumsfeld briefed his proposed course of action for the overthrow of

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<sup>59</sup> Kenneth M. Pollack, *The Threatening Storm: The Case for Invading Iraq*, 1st ed (New York: Random House, 2002), 397.

<sup>60</sup> Office of the Special Inspector General for Iraq Reconstruction (SIGIR), and Stuart W. Bowen, *Hard Lessons: The Iraq Reconstruction Experience* (Washington, DC: Special Inspector General, Iraq Reconstruction, 2009), 7.

Saddam Hussein's regime to President George W. Bush. In this initial concept Rumsfeld did not address post-conflict reconstruction, presuming that the United States Department of State (DoS) would draft a plan for what he anticipated would be a short occupation. In fact, except for twice weekly National Security Council (NSC) Deputies Committee meetings, little joint planning for post-conflict Iraq occurred until the summer of 2002.<sup>61</sup> Though a significant amount of planning for post-conflict stability operations occurred within USG agencies, a lack of coordination between them would eventually lead to missed opportunities in the golden hour.

## Post-Conflict Planning

Shortly after Rumsfeld's war proposal to President Bush, nearly a year and one half before the initiation of offensive operations in Iraq, the State Department did indeed begin crafting what would ultimately become an impressive twelve hundred page, thirteen chapter opus of recommendations to repair and rebuild Iraq after regime change. Titled the Future of Iraq (FOI) Project, the study presented forecasts and estimates generated by combined working groups composed of both American and Iraqi professionals and scholars. The scope and detail of the FOI Project, which articulated possible reconstruction aims for sectors ranging from governance and free media, to oil and humanitarian needs, conflicts with certain criticisms that the USG paid insufficient attention to post-war requirements.<sup>62</sup>

Within the FOI Project Economy and Infrastructure Working Group, members urged that Iraq's economic rehabilitation avoid "plans and policy decisions based on a view of the world where the economic, the social, the political, and the cultural are placed in separate boxes and analyzed one at a time when, in reality, all these aspects are interrelated."<sup>63</sup> Native professionals

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<sup>61</sup> Ibid.

<sup>62</sup> Samuel R. Berger et al., eds., *In the Wake of War: Improving U.S. Post-Conflict Capabilities: Report of an Independent Task Force Sponsored by the Council on Foreign Relations*, Independent Task Force Report, no. 55 (New York: Council on Foreign Relations, 2005), 4.

<sup>63</sup> United States Department of State, "Economy and Infrastructure Working Group,"



and businessmen would emerge from the shadow of “one-man rule” to cooperate with developers, donors, and an interim Iraqi government in the effort to place the state’s political economy on sound footing.<sup>64</sup> To trigger this virtuous cycle, an Iraqi interim government should, the group recommended, prioritize establishment of a sound and equitable oil policy, create an environment conducive to foreign direct investment, reinvigorate domestic markets, and restore property and human rights to all regardless of ethnicity or class.<sup>65</sup>

Critically, the Economy and Infrastructure Working Group articulated that, although sound oil policy would prove critical to Iraq’s development, employment in non-oil sectors would ensure greater distributions of employment and wealth. Members pointed to appliance manufacturing, farming and construction as the most available and sustainable candidates for early interim government stimulation. The state was also encouraged to restrict foreign workers that might absorb a portion of newly created jobs and suppress wages.

On the agricultural front, the Water, Agriculture and Environment Working Group anticipated four immediate requirements for Iraqi farmers to generate a harvest within the first year after regime change. First, predicting a spring 2003 invasion, the Iraqi agronomists recommended planters receive “production packages” of seed, insecticide, and fertilizer that would speed planting during the fall for a spring 2004 harvest. Second, Iraq’s agriculturalists required foreign training in modern farming techniques, that they could then pass on to local students. Third, the locally trained graduates would train farmers how to employ modern practices to generate maximum return from production packages. Finally, the USG would need to survey Iraq’s cereal grain requirement to determine agricultural output targets.<sup>66</sup>

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*Future of Iraq Project*, November 22, 2002, 4, accessed December 16, 2016.  
<http://nsarchive.gwu.edu/NSAEBB/NSAEBB198/index.htm>.

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

<sup>66</sup> United States Department of State, “Water, Agriculture and Environment Working

Interestingly, the FOI Project and its working groups met an abrupt and controversial end in the months before invasion. How exactly it met its demise remains a mystery, and a source of contention to this day among former Bush administration.<sup>67</sup> Certainly the project's contents never became US policy, and its impact on the decision making of planners and Iraq's interim post-conflict authorities is unclear. Critics of the FOI Project found its findings too cumbersome for policymakers to absorb, while others suggested they came too late in the planning process for implementation. Yet, the time and effort put into the project refutes suggestions that the unraveling of post-conflict Iraq had its roots in a failure to plan beyond the combat phase. Rather, the story of the FOI Project's dissolution indicates that the USG's shortcomings in late 2003 may have begun with disjointed, ad hoc postwar planning

While, the FOI working groups began developing their post-Saddam vision of Iraq, USAID had not yet even entered the game. Not until August 2002 did the US government's lead development agency receive notification to join humanitarian assistance and reconstruction planning already underway for almost a year at the NSC.<sup>68</sup> This oversight wrought serious consequences for USAID, which relies heavily on contractors to accomplish its mission. By leaving it out of early post-conflict preparations, war planners delayed the arrival of USAID's contracted partners until more than a month after the collapse of the Saddam regime.

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Group" *Future of Iraq Project*, November 22, 2002, 4, accessed December 16, 2016. <http://nsarchive.gwu.edu/NSAEBB/NSAEBB198/index.htm>.

<sup>67</sup> Secretary of Defense Donald Rumsfeld's Undersecretary of Defense for Policy, Douglas Feith, insists that the FOI never served as anything more than a brainstorming exercise for Iraqis and Iraqi-Americans to debate how best to run post-Saddam Iraq. Jay Garner, the retired US Army LTG pegged by President Bush to lead the US Office of Reconstruction and Humanitarian Assistance had his request to add members of the project to his staff denied by an unknown White House official. See Douglas J. Feith, *War and Decision: Inside the Pentagon at the Dawn of the War on Terrorism*, 1st ed (New York, NY: Harper, 2008), 375–78; and Frontline, "Planning for a Postwar Iraq," October 17, 2006, accessed 16 December, 2016, <http://www.pbs.org/wgbh/pages/frontline/yeariniraq/documents/>.

<sup>68</sup> SIGIR and Bowen, 18.

Further complicating post-conflict planning, President Bush chartered the Office of Reconstruction and Humanitarian Assistance (ORHA), in January 2003, abruptly making retired Lieutenant General Jay Garner responsible for Iraq's post-war transition. Per Undersecretary of Defense for Policy Douglas Feith, the ORHA would serve as a "team of expert assistants for [US Central Command (CENTCOM) commander General Tommy] Franks," and "would include officials who had been working on postwar planning" during the previous year. This organizational maneuver officially charged DoD with post-conflict stability and reconstruction operations and eliminated the NSC coordinated, dual DoD-DoS planning effort of the previous eighteen months. Consolidation under the DoD, despite Feith's assurances to Garner, led to the dismantling of the FOI Project and NSC working groups, in favor of newly established, Kosovo-esque pillars, staffed largely by military officers approved at the Pentagon and offered as *fait accompli* to Garner.<sup>69</sup>

## War

The Bush administration's late game bureaucratic shake up placed Garner and the ORHA at the forefront of America's reconstruction effort in Iraq without the benefit of participating in any consolidated joint planning.<sup>70</sup> Nonetheless, Rumsfeld and Bush anticipated few problems with this state of affairs, as they expected an interim Iraqi governing authority to assume control within weeks of regime change.<sup>71</sup> In the meantime, the President approved Garner's initial economic and infrastructure development goals which sought to "restore basic services to Baghdad, prevent a fuel crisis, purchase crops, and solve food distribution challenges."<sup>72</sup>

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<sup>69</sup> Ibid., 34.

<sup>70</sup> James Dobbins, Coalition Provisional Authority, and International Security and Defense Policy Center, eds., *Occupying Iraq: A History of the Coalition Provisional Authority* (Santa Monica, CA: RAND Corp, 2009), 7.

<sup>71</sup> Ibid., xiv.

<sup>72</sup> SIGIR and Bowen, 62.

Garner and the ORHA staff set up shop in Baghdad exactly one month after the first US ground forces entered Iraq. While Garner accepted great risk in moving his team into the still unsecure enemy capital, he soon found that he did not necessarily have the authority to order civilians in other agencies to do the same. As ORHA became more confident that coalition forces had avoided an anticipated post-conflict humanitarian crisis, it ordered USAID Disaster Assistance Response Teams (DARTs) embedded with US and UK troops to transition from humanitarian relief operations to infrastructure assessments. Initially, the DARTs refused to stray from their initial assignment, arguing that the tenuous security situation prevented freedom of movement for the unarmed civilians. Only after two weeks of negotiation between Secretary of State Colin Powell and Rumsfeld did USAID finally accede to Garner's order.<sup>73</sup>

During the intervening weeks Iraq's infrastructure and economic institutions suffered damage from rampant looting and sabotage that estimates suggest accounted for more than two-thirds of the Bush administration's Iraq reconstruction estimate.<sup>74</sup> During the melee, Iraqi citizens stripped and burned each of the government ministry buildings, including those occupied by coalition forces, dismantled power lines, and stole virtually every piece of capital equipment and weaponry that could be removed. Feeling powerless to stop unarmed citizens from committing crimes that did not threaten their physical security, and with little guidance regarding how to commence reconstruction, coalition troops mostly avoided confrontation.<sup>75</sup>

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<sup>73</sup> Ibid., 57.

<sup>74</sup> Coalition Provision Authority economists estimated that looting had cost the Iraqi economy over twelve billion dollars, which contributed to President Bush's supplemental request in May 2003 for an additional 18.5 billion dollars for reconstruction. See L. Paul Bremer, James Dobbins, and David Gompert, "Early Days in Iraq: Decisions of the CPA," *Survival* 50, no. 4 (September 2008): 46, accessed February 22, 2017, <http://www-tandfonline-com.lumen.cgsccarl.com/doi/pdf/10.1080/0039633080232892>; Ali A. Allawi, *The Occupation of Iraq: Winning the War, Losing the Peace* (New Haven, CT: Yale University Press, 2007), 253.

<sup>75</sup> Michael R. Gordon and Bernard E. Trainor, *Cobra II: The inside Story of the Invasion and Occupation of Iraq*, 1st ed. (New York: Pantheon Books, 2006), 478.

## Reconstruction

Some US military units, acting with impressive autonomy, did take early proactive steps to stabilize the economy in their respective area of operation. MG David Petraeus's 101<sup>st</sup> Airborne Division transitioned from primarily offensive to stability operations by May of 2003 in Mosul. The 101<sup>st</sup> pursued comparatively minor economic and infrastructure development tasks intended to employ a maximum number of local civilians at minimal expense. Petraeus's "Screaming Eagles" contracted Mosul's local laborers to resume agriculture and light industry such as building construction, road and canal repair, and limited oil refining.<sup>76</sup> However, most early efforts by military forces to begin reconstruction in their areas of operation failed to get off the ground because they did not have access to funds for activities beyond a narrow set of humanitarian tasks.<sup>77</sup>

Petraeus attributes a portion of his division's eventual post-conflict progress to the emergence of the Commander's Emergency Response Program (CERP) in June 2003. The result of a fortuitous discovery of approximately 700 million dollars of hidden Ba'ath Party cash (187 million of which the US Congress allocated to CERP), CERP provided tactical commanders the funds they needed to quickly jumpstart economic recovery at the neighborhood level.<sup>78</sup> CERP became a widely popular tool among occupation forces and Iraqi citizens because projects pinpointed for support by the program hired local labor and paid hard cash with few delays. In contrast, the two and a half billion dollars managed by USAID in the Iraq Relief and Reconstruction fund often

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<sup>76</sup> David H. Petraeus, "Learning Counterinsurgency: Observations from Soldiering in Iraq," *Military Review* 86, no.1 (January-February 2006): 3, accessed December 29, 2016, <http://oai.dtic.mil/oai/oai?verb=getRecord&metadataPrefix=html&identifier=ADA486798>.

<sup>77</sup> Donald P. Wright and Timothy R. Reese, *The United States Army in Operation Iraqi Freedom, May 2003-January 2005: On Point II: Transition to the New Campaign* (Fort Leavenworth, KS: Combat Studies Institute Press, 2008), 375.

<sup>78</sup> *Ibid.*

targeted more specialized foreign labor to rebuild infrastructure of less immediate concern to the general public (such as in the hydrocarbon sector).<sup>79</sup>

CERP did not figure into any of the various Iraq stability and reconstruction plans of the NSC, CENTCOM, JTF-4, or ORHA, but it seemed the perfect tool to fill a sizable development oversight. The ORHA, knowing it would serve CENTCOM for only the first ninety days after regime change (even this turned out to be overly optimistic), limited its economic and infrastructure development guidance to preventing a humanitarian crisis and preserving fossil fuel distribution networks. Its successor agency, the Coalition Provisional Authority (CPA), assumed all governing responsibilities in May 2003 with the more ambitious goal of swiftly liberalizing and privatizing Iraq's national economic institutions.<sup>80</sup> When the humanitarian crisis failed to materialize and severe looting rendered CPA's structural reforms virtually irrelevant, it became clear that prewar plans undervalued the need to incentivize peaceful production amongst Iraq's people. CERP offered the occupiers one means to offer those incentives.

Despite its popularity, CERP funds presented their own problems. Though coalition forces commanders demonstrated an eagerness to distribute CERP funds as rapidly as they became available, with nearly all of the initially allocated dollars spent by January 2004, little coordination existed across commands to unify development efforts nationally.<sup>81</sup> Rather than targeting Iraq's preexisting non-oil sector economic strengths, such as agriculture and machine manufacturing, much as the FOI Project recommended, CERP guidelines encouraged selection of high visibility

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<sup>79</sup> Mark S. Martins, "The Commander's Emergency Response Program," *Joint Force Quarterly* 37, no. 1 (2005): 49, accessed January 22, 2017, <http://oai.dtic.mil/oai/oai?verb=getRecord&metadataPrefix=html&identifier=ADA523853>.

<sup>80</sup> Bathsheba Crocker, "Reconstructing Iraq's Economy," *Washington Quarterly* 27, no. 4 (2004): 75.

<sup>81</sup> Wright and Reese, *The United States Army in Operation Iraqi Freedom, May 2003-January 2005*, 375.

projects with rapid public relations payoffs.<sup>82</sup> While such an approach might have won temporary local support, it did little to build momentum in those crucial sectors that could balance economy's dependence on oil.

The high rate at which commanders expected to distribute CERP funds presented an additional problem. Because these dollars were intended to cut through the red tape of traditional development programs, the projects funded by CERP received comparatively little oversight. As a result, ambitious commanders could not prevent the tendency for "many contractors to produce substandard work that did nothing to reduce the grievances within the community."<sup>83</sup> In some instances, insurgents and former Ba'athists may have even worked on contract with the coalition, using equipment and supplies looted from the government.<sup>84</sup>

## Conclusion

What went wrong? This simple question sums up the most common refrain in Iraq reconstruction literature. The failure to make peace pay during Iraq's golden hour certainly has many fathers. Critics of the US government's planning for and conduct of a post-conflict occupation in Iraq, a process interpreted as a key contributor to a savage insurgency, have arrived in a steady stream during the previous dozen plus years. From congressionally-sanctioned studies and military-sponsored after action reports, to practitioners' lessons learned, these sendups commonly identify the stove-piped nature of DoD-led planning, which ignored civilian stability experts, for failures that led to what one author succinctly describes as Iraq's "decimated society and

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<sup>82</sup> US Army Combined Arms Center, *Commander's Guide to Money as a Weapons System: Tactics, Techniques, and Procedures* (Fort Leavenworth, KS: Center for Army Lessons Learned, 2009), 12, accessed January 12, 2017, <http://usacac.army.mil/cac2/call/docs/09-27/09-27.pdf>.12

<sup>83</sup> Timothy D. Gatlin, "An Institutional Analysis of the Commander's Emergency Response Program," *Interagency Journal* 5, no. 1 (2014): 45, accessed January 12, 2017, <http://thesimonscenter.org/wp-content/uploads/2014/03/IAJ-5-1Winter-2014-41-51.pdf>.

<sup>84</sup> Martins, "The Commander's Emergency Response Program," 51.

economy.”<sup>85</sup> Others blame the CPA’s shock therapy economic liberalization policies for alienating the general public, some of whom turned to extremist groups, as their standard of living stagnated relative to a select group of public officials working for the Americans.<sup>86</sup> To an extent, the case study above reinforces these critiques, and contributes to the debate by suggesting that indecision and lack of preparedness on the part of combat forces, the organizations best positioned to lead stability operations, also enabled the maelstrom.

The Special Inspector General for Iraq Reconstruction (SIGIR), blames the lack of a coherent doctrine for inaction on the part of US service members as Iraq crumbled in the spring of 2003.<sup>87</sup> Indeed, neither Joint Publication (JP) 3-07, *Joint Publication for Military Operations Other than War* (1995), nor US Army Field Manual (FM) 3-07 *Stability Operations and Support Operations* (February 2003) encouraged direct military engagement in post-conflict economic development decision making. Given that JP 3-07 made the point that “commanders must remember that their primary mission will always be to prepare for, fight and win America’s wars,” it should come as no surprise if the liberators and their leaders considered the military’s mission accomplished.

However, while some units remained passive, the 101<sup>st</sup> Airborne Division in Mosul took immediate steps to generate local employment and stimulate the economy. Why did others not demonstrate the same initiative? In some cases, units simply followed orders to prepare for redeployment home. But a more systemic problem arose from the assumption that US soldiers

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<sup>85</sup> Larry Diamond, “What Went Wrong and Right in Iraq,” in *Nation-Building: Beyond Afghanistan and Iraq*, ed. Francis Fukuyama, Forum on Constructive Capitalism (Baltimore: Johns Hopkins University Press, 2006), 173–74; Cerami et al., *The Interagency and Counterinsurgency Warfare*, 12; SIGIR, and Bowen, 323.

<sup>86</sup> Bassam Yousif, “Coalition Economic Policies in Iraq: Motivations and Outcomes,” *Third World Quarterly* 27, no. 3 (April 2006): 503, accessed February 20, 2017 <http://dx.doi.org/10.1080/01436590600587770>.

<sup>87</sup> SIGIR and Bowen, 323.



would not conduct nation-building in Iraq. Commanders initially did not technically possess funds, prior to the propitious discovery of the Baathist cash reserves that funded CERP, authorized for expenditure on economic development. Even when CERP funds arrived, they did not accompany a coordinated plan from the CPA to synchronize projects toward unified development objectives. The leaders of the 101<sup>st</sup> appear to have made the deliberate decision to get creative with their humanitarian assistance funds.

Without money to invest in local enterprises, commanders remained at the mercy of the CPA scheme to jumpstart the economy via the long process of restoring Iraq's oil and gas export industry. Unfortunately, this approach provided few jobs and generated little wealth in the short-run. By July 2004, American stabilization operations had spent only 458 million dollars of the 18.4 billion dollars granted to the CPA by Congress in a November 2003 supplemental appropriation for Iraq's reconstruction. Perhaps worse, the reconstruction dollars spent, according to CPA officials, did not target local national employment generation, leaving unemployment rates as high as 48 percent.<sup>88</sup> Finally, lack of investment in agriculture, to include discontinuation of Iraq's traditional farm subsidies, contrary to the pleas of FOI working groups and USAID, drove rural dwellers into unstable urban areas, where they competed for jobs with newly unemployed Baathists and Iraqi soldiers.

Additionally, military leadership may have expected USAID to shoulder more of the development and reconstruction burden than the agency could reasonably handle. In fact, USAID, arriving at the planning table only after its late invitation in the fall of 2002, anticipated a greater

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<sup>88</sup> Frederick Barton and Bathsheba Crocker, *Progress or Peril? Measuring Iraq's Reconstruction*, Post-Conflict Reconstruction Project (Washington, DC: Center for Strategic and International Studies, 2004), 46, accessed February 27, 2017. [http://csis.org/files/media/csis/pubs/0409\\_progressperil.pdf](http://csis.org/files/media/csis/pubs/0409_progressperil.pdf).; There is little agreement about actual unemployment rates in July of 2004. The number here is provided by the Iraq Ministry of Social Affairs as reported in International Crisis Group (ICG), "Reconstructing Iraq," *ICG Middle East Report No 30*, 2 (September 2004): 17.

need for humanitarian assistance and refugee management during the golden hour than infrastructure repair and employment generation. This explains in part why Garner had such great difficulty encouraging the USAID DART teams to transition infrastructure assessment in the first days after regime change. As such, USAID, which relied heavily on contracted developers to augment its 2,000 permanent employees, scrambled to create, fund, and staff reconstruction projects. Many of these initial efforts never saw completion as looting and lack of oversight became the norm.

One of the precious few bright spots in the struggle to stabilize Iraq's economy, which may have prevented even greater calamity, was the US Treasury's decisive response to the state's burgeoning economic crisis. With the Iraqi dinar already subject to severe depreciation and prices predisposed to wild fluctuations before the invasion, matters threatened to intensify as more cash entered the economy via theft and forgery in the post-conflict phase.<sup>89</sup> On Treasury's recommendation the CPA announced, in July 2003, plans to conduct a currency exchange that would replace the Iraqi dinar with the "Swiss" dinar, several billion dollars of which were held in reserve in New York. By replacing the existing currency Treasury and the CPA could exert much more control over the amount of currency in the market and stabilize its value. Between October 2003 and June 2004, Treasury conducted the largest airborne transfer of currency in history, transporting billions of dollars worth of dinar from New York to Baghdad, and then out to 243 banks across Iraq.<sup>90</sup>

The modest success of programs like the currency exchange and CERP could not compensate for the scourges of unemployment, poverty, and lawlessness that incentivized looting and violence rather than stability. Iraq's golden hour rapidly vanished as each CPA edict, from

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<sup>89</sup> Sarah Graham-Brown, *Sanctioning Saddam: the Politics of Intervention in Iraq* (London: I.B. Tauris in association with MERIP, 1999), 165.

<sup>90</sup> SIGIR and Bowen, 88.

cessation of agricultural support, to dissolution of the Iraqi Army, to de-Baathification seemed to alienate large portions of the population. Within only a few months of Saddam's fall, the American occupation had lost credibility.

## Analysis

The military interventions in Iraq and Kosovo occurred under very different social, historical, and political circumstances that would eventually shape their unique post-conflict adaptations. To compare the economic and infrastructure development efforts undertaken in these two cases without considering the specific environments in which they took place would lead to overly simplified, if not useless, conclusions. However, certain commonalities within the cases may provide useful points of departure for military planners developing options for post-conflict support to economic and infrastructure development. These commonalities suggest that more active participation by military forces during the golden hour may reduce the possibility of post-conflict recidivism.

First, though both UNMIK and OIF planners addressed the importance of non-discriminatory post-conflict job creation and entrepreneurship, this did not result in meaningful action during the golden hour. Under pressure from political masters to attract foreign investment and generate fiscally independent administrations, both pursued "shock therapy" economic strategies tailored to liberalize and privatize politico/economic institutions.<sup>91</sup> These transformations, if successful would sustain further reconstruction and development. In opting for a macroeconomic approach to economic development, both agencies initially undervalued the development tasks that would employ the most citizens, and discounted the influence of each society's preexisting conflict economy.

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<sup>91</sup> Crocker, "Reconstructing Iraq's Economy," 75.

Iraq's and Kosovo's post-war economies had their origins in pre-war socio-political structures notorious for flouting the rule of law and marginalizing opposition groups. Exploiting immunity from domestic censure, Saddam Hussein and Milosevic manipulated regime sanctioned economic institutions to reward patrons and punish opponents, while also exploiting informal or internationally proscribed institutions for the express purpose of circumventing international constraints. Within this stew of corruption, weak institutions, and discrimination parallel or shadow economies adapted to serve the needs and desires of the general population. Conflict in Kosovo and Iraq triggered competition for reallocated resources within both the formerly state-sanctioned and unauthorized markets. That competition tended to revolve around and exacerbate existing social stressors such as ethnic and religious tensions, threatening efforts to build lasting peace. Hence, from an economic perspective, golden hour development activities that encouraged abandonment of conflict-perpetuating behavior in favor of peaceful production may have more effectively reduced the probability of a return to conflict than strategies promoting rapid revenue generation and self-sufficiency.

In Iraq, for example, CENTCOM's early tasking of US-led coalition forces to secure and repair state owned oil infrastructure would, theoretically, enable a new regime to rapidly generate the revenue necessary to fund its own reconstruction after reaping the windfall of oil and gas sales.<sup>92</sup> But this approach insufficiently addressed Iraq's unemployment problem and discounted the influence of its informal markets. Oil would not provide many Iraqi jobs because few Iraqi citizens worked in the oil sector, and fewer still possessed the capacity to repair severely degraded pumps, pipelines, and refineries. What oil foreign contractors could extract and refine into diesel and gasoline fuel immediately disappeared along smuggling routes to Kuwait or Turkey on its way to international markets, leaving the state with a fuel shortage and little revenue.

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<sup>92</sup> Roger Mac Ginty, "The Pre-War Reconstruction of Post-War Iraq," *Third World Quarterly* 24, no. 4 (August 2003): 614, <http://dx.doi.org/10.1080/0143659032000105777>.

Complicating matters, widespread looting targeting high tension power lines for their profitable copper innards, routinely shut down refinery operations across the country.<sup>93</sup> Finally according to a 2010 RAND study, Al Qaeda in Iraq, a significant threat to Iraq's security, generated an average of fifty percent of its of its annual budget from the unauthorized sale of stolen capital goods and fuel.<sup>94</sup> During Iraq's golden hour, disruption and insurgency paid more handsomely than peace.

UNMIK encountered similar friction during its first year of administration in Kosovo. Under unrealistic pressure from donors to make reconstruction economically self-sufficient, Pillar IV officials prioritized privatization of state-owned enterprises and structural initiatives that would quickly return tax revenue to the state. In doing so, they overlooked three economic drivers of conflict. First, they relegated repair and reform of the crumbling state-run energy sector to the management of under-resourced foreign donors. Identifying an opportunity, KLA members assumed control of Kosovo's two power plants, stuffing the payrolls of the province's top employer with members and supporters. Soon, Serb customers became victims of sustained power outages, while Albanians neglected to pay the power bills necessary to keep the lights on.<sup>95</sup> Second, widespread theft rings and smuggling operations, coordinated by organized crime syndicates, undermined UNMIK and KFOR's legitimacy, and raised money for both the KLA and Serbian spoilers. Finally, remittances from the Albanian diaspora and cash infusions from Belgrade sustained ethnic violence carried out under KFOR's nose by KLA militants and Serb Bridge Watchers.<sup>96</sup>

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<sup>93</sup> L. Paul Bremer and Malcolm McConnell, *My Year in Iraq: The Struggle to Build a Future of Hope* (London: Simon & Schuster, 2007), 110–11.

<sup>94</sup> Benjamin Bahney, National Defense Research Institute (US), and RAND Corporation, eds., *An Economic Analysis of the Financial Records of Al-Qa'ida in Iraq* (Santa Monica, CA: RAND, 2010), 36.

<sup>95</sup> King and Mason, 90.

<sup>96</sup> Judah, 81.

In both cases, post-conflict development authorities adopted strategies they believed would most rapidly generate state revenue, through newly liberalized, formal politico-economic institutions. Liberalization would, in the hopes of the CPA and EU developer/donors, invite foreign investment and generate tax income, enabling the interim governments to shoulder the bill for their own reconstruction. This “macroeconomy first” approach to post-conflict economic and infrastructure development failed to provide sufficient incentives for individuals to abandon institutions and behaviors that threatened stability.<sup>97</sup> In Iraq looting slowed infrastructure development and oil production, while paying for insurgency. In Kosovo the KLA inflamed ethnic tension by rewarding Albanians and punishing Serbs by virtue of its control over neglected public works.

In addition to similar development approaches, the case studies share a second characteristic in the struggle of both the CPA and UNMIK to deploy civilian experts where and when they would have the greatest effect. Because crime and violence continued to pay during the initial post-conflict months of Operation Iraqi Freedom the CPA’s “contractors found it difficult to carry out projects in the dangerous environment, and the lack of adequate oversight... permitted wasteful spending to careen out of control.”<sup>98</sup> Ineffective joint planning in the nearly eighteen months prior to offensive operations in Iraq also delayed deployment of civilian development experts. USAID routinely complained of having been shut out of the planning process, while the UN and a number of NGOs sidelined themselves to avoid the appearance of sanctioning the operation.

Similarly, the late arrival of the UN to the planning of Operations Allied Force and Joint Guardian would lead to significant consequences for post-conflict development operations. Only

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<sup>97</sup> In *Samaritan’s Dilemma: The Political Economy of Development Aid*, Clark C. Gibson et al. ascribe to institutions the ability to “alter the incentives of individuals, [while] the incentives, in turn, induce individuals to act a certain way.” See page 9.

<sup>98</sup> SIGIR and Bowen, 329.

when the NATO bombing campaign had drawn to a close did the UN become involved in administering post-war Kosovo.<sup>99</sup> As a result, several months passed before the EU Pillar IV personnel could begin to identify projects and coordinate donor cash. While some authors, such as stability and reconstruction expert James Dobbins, downplay the impact of this delay, UNMIK officials Iain King and Whit Mason suggest that the slow response by their organization delegitimized UNMIK's authority and empowered spoilers.<sup>100</sup> In the long run, the absence of golden hour development may have prevented Kosovo's economy from developing the momentum necessary to achieve a sustainable economy. In 2004, massive riots erupted across the province, destroying thousands of homes, over two dozen churches, killing nineteen Kosovars and injuring over one thousand. Among the causes identified in an Organization for Security and Cooperation in Europe investigation of the riots, two, high unemployment and a worsening economic crisis, had potential roots in the sluggish start to post-conflict development.<sup>101</sup>

A final shared trait between the two case studies supports the positions of those such as Schramm and Patterson who propose a much more direct role for the military in post-conflict economic and infrastructure development than described in joint and army doctrine. No effective host nation government remained in either instance to prioritize development activities, and unanticipated circumstances delayed the establishment of forward civilian agencies. In contrast, NATO troops in Kosovo and the United States-led coalition in Iraq quickly gained access to major population centers, transportation networks, and critical infrastructure. As stability operations began, these forces possessed distinct physical, organizational, and geographical advantages over the eager, yet limited, civilian agencies. However, an explicit desire of international and domestic

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<sup>99</sup> James Dobbins, ed., *America's Role in Nation-Building: From Germany to Iraq* (Santa Monica, CA: RAND, 2003), 114.

<sup>100</sup> King and Mason, *Peace at Any Price*, 91.

<sup>101</sup> *Ibid.*, 190.

political actors to minimize the use of troops for nation-building tasks gave commanders the excuse they needed to avoid making decisions unrelated to combat. Ultimately, NATO and CENTCOM forces found themselves outnumbered by civilians increasingly frustrated with the pace of reconstruction while lacking the authority and plan to execute more assertive development tasks.

These characteristics found in common between Operations Joint Guardian and Iraqi Freedom provide additional evidence that economic institutions forged in conflict may themselves, or in concert with political and social grievances, undermine stability. Yet, these same institutions, if properly nurtured, may contribute to early employment and wealth generation opportunities. Accordingly, this research infers from the case studies that operations intended to prevent the former, and encourage the latter, require rapid execution of economic and infrastructure development tasks that incentivize peaceful production.

## Conclusion

In response to the underwhelming post-conflict development performances submitted by the United States and its allies, particularly in Iraq, the administrations of Presidents Bush and Barrack Obama took steps to reinforce the DoS's role as the leader of America's stability and reconstruction operations. Despite the determination that DoD military components would consider stability operations of equal import to offense and defense, actual conduct of economic and infrastructure tasks would still, except under extraordinary circumstances, be led and performed by civilians. The case studies examined in this monograph suggest that this purely bureaucratic solution ignores the likelihood that under a broad range of circumstances the military will likely be the organization best situated to conduct distributed population-focused development tasks during the initial post-conflict weeks.

That said, future campaign planners generating options for post-conflict stability operations should begin joint planning with civilian development experts as early as feasible to identify overarching economic and infrastructure goals and the early objectives assigned to military units



that support those goals. Considering that initial economic and infrastructure stability tasks will become the unilateral responsibility of military commanders, objectives should remain modest and within the means of tactical units, while also providing maximum employment opportunities to locals. In the case of Iraq and Kosovo, an emphasis on supporting agriculture and light industry would have been well within the capabilities of both the occupying forces and the host nation economy. To facilitate these activities planners should request, prior to the intervention, access to development funds like CERP to support economic and infrastructure goals. Finally, the military can provide civilian experts valuable economic and infrastructure assessments from across the occupied territory, so that when they do arrive in force a seamless transition of responsibility can occur.

In the interest of maintaining the coherence of this paper, some interesting questions regarding the military's involvement in economic development have been sidestepped, but deserve attention from future researchers. First, this monograph argues that the military, with its current capabilities, can lead and conduct golden hour development tasks; however, it does not pursue whether assuming this responsibility necessitates additional specialized training to develop some quantifiable level of proficiency within the armed forces. A second question arises from the recommendation that some variation of CERP should remain available for future post-conflict development contingencies. Did CERP in Iraq and Afghanistan contribute to long-term economic health in those cases? Is that even the proper use for CERP or should it serve as a "weapon" to encourage cooperation and pacification from locals?

In the chaotic and uncertain weeks of transition from war to peace, a desirable outcome may hinge upon the intervener's ability to rapidly provide peace perpetuating employment and economic stability. Two historical case studies indicate that the US military may find itself the only organization available to lead this effort during the critical early post-conflict period. Planners and commanders should expect and embrace this role.



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